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Ooredoo chairs 3rd IIC Mena Chapter to address regulatory challenges and opportunities

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EVs are disruptive, not just green, and China is winning the competitive battle

Qatar's non-oil private sector signals strongest overall growth since last September: QFC PMI

By Santhosh V Perumal
Business Reporter

The positive contributions from new orders, output, employment and purchases helped Doha's non-energy private sector record a stronger improvement in business conditions in April, according to the Qatar Financial Centre's latest purchasing managers' index (PMI).

Qatar's non-energy private sector recorded a stronger improvement in business conditions in April, it said, adding the 12-month outlook "brightened".

The Qatar PMI indices are compiled from survey responses from a panel of around 450 private sector entities in the manufacturing, construction, wholesale, retail, and services sectors. It reflects the structure of the non-energy economy according to official national accounts data.

The PMI is a composite single-figure indicator of non-energy private sector performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases.

The PMI registered 52 in April, up from 50.6 in March. The latest figure rose further above the no-change mark of 50 and signalled the strongest improvement in business conditions in the non-energy private sector economy since last September.

"The PMI recorded one of the largest increases in two years in April, signalling the strongest overall growth of the non-energy private sector economy since last September," said Yousuf Mohamed al-Jaida, chief executive officer, QFC Authority.

The 1.4-point increase in the headline figure was among the largest registered over the past two years and took it broadly in line with the long-run survey trend level of 52.2 since April 2017. Four of the five components of the PMI - new orders, output, employment and stocks of purchases - made positive contributions in April. As has been the case for the past two years, shorter suppliers' delivery times weighed slightly on the headline figure.

The volume of incoming new business in Qatar's non-energy economy rose at the fastest rate in seven months in April, linked to new customers and high quality, competitive products. Demand strengthened across all the four sectors, notably in services.

Matching the trend for new business, total activity increased at the fastest rate since last September in April. Alongside new projects, companies continued to complete existing workloads, it said. Highlighting that non-energy private sector companies were increasingly optimistic on growth over the next 12 months in April; it said firms linked positive forecasts to marketing campaigns, business development plans and efficiency drives.

Yousuf Mohamed al-Jaida, chief executive officer, QFC Authority.

Stronger inflow of new work and increased confidence led to a sharper rate of hiring growth in April. Employment has risen for 14 months, and the rate of job creation was running above the long-run survey average in April. Meanwhile, purchasing activity increased at the fastest rate in ten months.

Qatari financial services companies recorded faster growth in volumes of total business activity and new contracts in April. The seasonally adjusted Financial Services Business Activity and New Business Indexes rose to six-month highs of 55.2 and 55 respectively.

Companies were also more optimistic regarding the 12-month outlook, with confidence the highest since last November. This was reflected in a sharper increase in employment, which extended the current sequence of hiring growth to 13 months.

In terms of prices, average charges set by financial services companies fell for the fourth month running. Meanwhile, average input prices were broadly unchanged from March.

"The latest data also signalled weak inflationary pressures, with both input prices and charges falling slightly," al-Jaidah said.

Ministry of Finance, WEF host session to establish Centre for Fourth Industrial Revolution in Qatar

Qatar's Ministry of Finance and the World Economic Forum (WEF) organised an introductory session to establish the Centre for the Fourth Industrial Revolution in the State of Qatar, with the participation of a number of government entities, the private sector and academic sector including universities and educational institutions. During the introductory session, the development of a strategy for the centre was discussed and its importance and goals were presented to stakeholders.

The centre aims to harness the potential of Fourth Industrial Revolution (4IR) technologies to accelerate the realisation of sustainable economic growth and the key priorities of the Qatar National Vision 2030.

In addition to reviewing the centre's network around the world, discussion and brainstorming sessions were held with various local stakeholders about potential initiatives in which the centre can participate.

The establishment of the centre is the result of the agreement signed last October between the State of Qatar, represented by the Ministry of Finance, and the World Economic Forum, an independent not-for-profit organisation that is a global leader on policy and governance for emerging technologies. The primary focus of the centre will be on harnessing the full potential of frontier technologies in sustainable development and economic competitiveness, in line with Qatar's national priorities and National Vision 2030.

Dr Saud bin Abdullah al-Attiyah, deputy undersecretary (Economic Affairs) at the Ministry of Finance, addressing the introductory session.

QCB starts receiving applications for 'digital insurer' activities in Qatar

The Qatar Central Bank (QCB) has started receiving applications for 'digital insurer' activities in the county.

The applications will be received until October 31, QCB said yesterday.

Applications can be submitted through sandbox and licensing portal - *https://sandbox.qcb.gov.qa/login* and inquiries can be e-mailed to *sandboxsupport@qcb.gov.qa*

Recently, the QCB issued regulations defining the regulatory framework for digital insurer activities in the country. This is in order to promote innovation in fintech.

This is in line with the Third Financial Sector Strategy, Fintech Strategy, and the QCB's ongoing endeavour to regulate and develop the financial sector, in accordance with the Qatar Central Bank Law and the Regulation of Financial Institutions No 13 of 2012.

The QCB earlier said digital insurers leverage technology to provide the best insurance services while enhancing customer experiences through effective services and smart digital solutions to enable the insurance sector to become a leader in the region.

This sector is characterised by the variety of its insurance products and services that help meet internal needs and support the expansion of the sector in domestic and external markets to achieve growth and increase profitability through insurance technology solutions and products based on insurance laws and regulations that meet the latest international standards.

Digital insurers offer many benefits including cost efficiency, faster claims processing, improved risk assessment, and enhanced competitiveness in the sector, in order to deliver best services at a lower cost.

Applications will be received until October 31, according to the Qatar Central Bank.

EVs are disruptive, not just green

Governments and manufacturers in the West who see EVs as part of a green agenda could be missing their potential as a disruptive technology. China is winning the competitive battle

By Fahad Badar

In February, the BYD Explorer, a cargo ship, made its maiden voyage from China to the Netherlands, transporting 7,000 electric cars for sale in Europe.
Its arrival represents a momentous trend. China has become the most significant, and fastest-growing, manufacturer of electric vehicles (EVs). Unlike Teslas, many of them are affordable - the cheapest BYD vehicle costs around €9,000 in China, compared with over €40,000 for the cheapest Tesla.
EVs represent a cleaner technology, but also a disruptive one. Longer established car companies could be facing their 'Kodak moment' - referring to the failure of the once-dominant Kodak photographic company to adjust to the age of the digital camera.
Concern over climate change is only one of the drivers of the switch to EVs. Another is human health caused by pollution of vehicles powered by internal combustion engines. Low-pollution zones imposed by many cities around the world have been primarily driven by health concerns. Net-zero policies are also influential, however. European nations have pledged to phase out the sale of new petrol or diesel cars by 2035.
Problems regarding the range of EVs and the time taken to recharge the battery are real, but they are being overcome by technological advances. Running costs of EVs are typically lower, and not affected by fluctuations in global oil prices.
The Chinese state took a strategic decision in the early 2000s to invest heavily in all-electric vehicles, having realised it was unlikely to be able to compete with Japanese, European and North American manufacturers in the internal combustion engine or hybrid markets.
In 2001, battery research was made a priority science research project under the Five Year Plan. In 2007, Wan Gang became minister of science and technology. He is an automotive engineer by background, and was a keen promoter of EV technology.
Chinese researchers and engineers have developed a crucial breakthrough enabling a cheaper form of battery to be more efficient. They have invested in lithium iron phosphate batteries, known as LFP, which is cheaper than the technology used by most western manufacturers, which is lithium nickel manganese cobalt (NMC). The LFP batteries had a problem of lower energy density and lesser performance at lower temperatures, but Chinese researchers have closed the gap. As the battery can be as much as 40% of the cost of a vehicle, this progress has offered a competitive advantage.
Two of the largest EV manufacturers, Geely and BYD, gained valuable experience in adjacent industries, respectively electric motorbikes and buses, that helped inform their research and development for cars.
In terms of raw materials, China exercises control over the mining and/or refining of crucial commodities such as lithium, conferring further competitive advantages.
On policy, the Chinese government subsidized both manufacture and purchase of EVs. In the period 2009-2022 it invested an estimated RMB200bn (just under $30bn) in subsidies and tax breaks, while the state procured electric buses for public transport networks. Purchasing a car licence plate in a large city comes at a cost, but this was largely waived for EVs.
Sensibly, the Chinese authorities treated Tesla, the US manufacturer of EVs, which has built production facilities in China, on an equal basis. This has encouraged overall demand for EVs to rise.
By 2022, China was producing 60% of the world's EVs, and its growth has continued. The country's car exports surged 72% in the first eight months of 2023 to 2.3mn, a quarter of which were electric.
Car manufacturers that still predominantly produce petrol or diesel-driven cars have been investing in electric vehicles also, but cannot yet mass produce at the low cost of Chinese competitors.
Western nations may seek to increase import tariffs on Chinese cars, but doing so incurs the risk of a trade war. It could make a mockery of stated intentions to move towards net zero if governments restrict the ability of middle-income households to purchase a zero-emissions vehicle. If Chinese electric cars are cheaper to buy and to run, with acceptable range, comfort, reliability and performance, then the market is transformed.
Many emerging markets do not have a domestic automotive sector to protect, and here it is likely that the Chinese state itself will invest in the charging network needed to support sales. Some wealthier countries, including Qatar, offer free charging.
The impact of geopolitics is a further complication. Tension between east and west has been rising but some human needs remain the same. People want personal transport, and are increasingly intolerant of air pollution. The car industry is heading in a single direction.

■ *The author is a Qatari banker, with many years of experience in the banking sector in senior positions.*

Ooredoo chairs 3rd IIC Mena Chapter to address regulatory challenges, opportunities in digital age

Ooredoo Group has chaired the third meeting of the International Institute of Communications (IIC) Mena Chapter, which recently convened in Manama, Bahrain, and was hosted by the Telecommunications Regulatory Authority (TRA).
Chaired by Fraser Graham, director of Public Affairs at Ooredoo Group, the meeting brought together industry leaders, policymakers, and regulatory authorities to deliberate on key issues shaping the digital landscape in the Mena region.
Discussions at the meeting centred on the urgent need to establish a regulatory framework for artificial intelligence (AI), analyse the implications of the NIS2 Directive for Cybersecurity, and develop a robust framework for regulating Internet of Things (IoT) technologies.
Graham said: "The recent meeting in Bahrain underscores the collective commitment of industry leaders and regulators to navigate the evolving digital landscape in the Mena region. By fostering collaboration and sharing insights, we are well-positioned to address regulatory challenges and unlock the transformative potential of emerging technologies such as IoT."
A highlight of the meeting was the presentation and discussion of the whitepaper titled 'Proposals to Unlock the Potential of IoT', produced by the Digital Economy and Regulatory Modernisation (DERM) Committee of the IIC Mena Chapter. Led by Francesco Paolo Di Gregorio, director Advocacy and Policy at Ooredoo Qatar, the whitepaper aims to address the global and regional challenges posed by IoT technologies, with a focus on regulatory best practices and recommendations for future action.

Fraser Graham, director of Public Affairs at Ooredoo Group.

Commenting on the significance of the whitepaper, Lynn Robinson, IIC director general, said: "IoT has the potential to revolutionise industries and societies, but unlocking its full potential requires a coordinated approach. The whitepaper offers valuable insights and recommendations to policymakers and stakeholders, paving the way for a more inclusive and secure digital ecosystem."
The IIC Mena Chapter serves as a platform for industry stakeholders, policymakers, and regulators to collaborate on initiatives aimed at advancing the digital sector, fostering innovation, and enhancing consumer outcomes. Previous meetings of the Mena Chapter were held in Doha and Casablanca during 2023, reflecting the commitment of regional leaders to drive positive change in the ICT landscape.

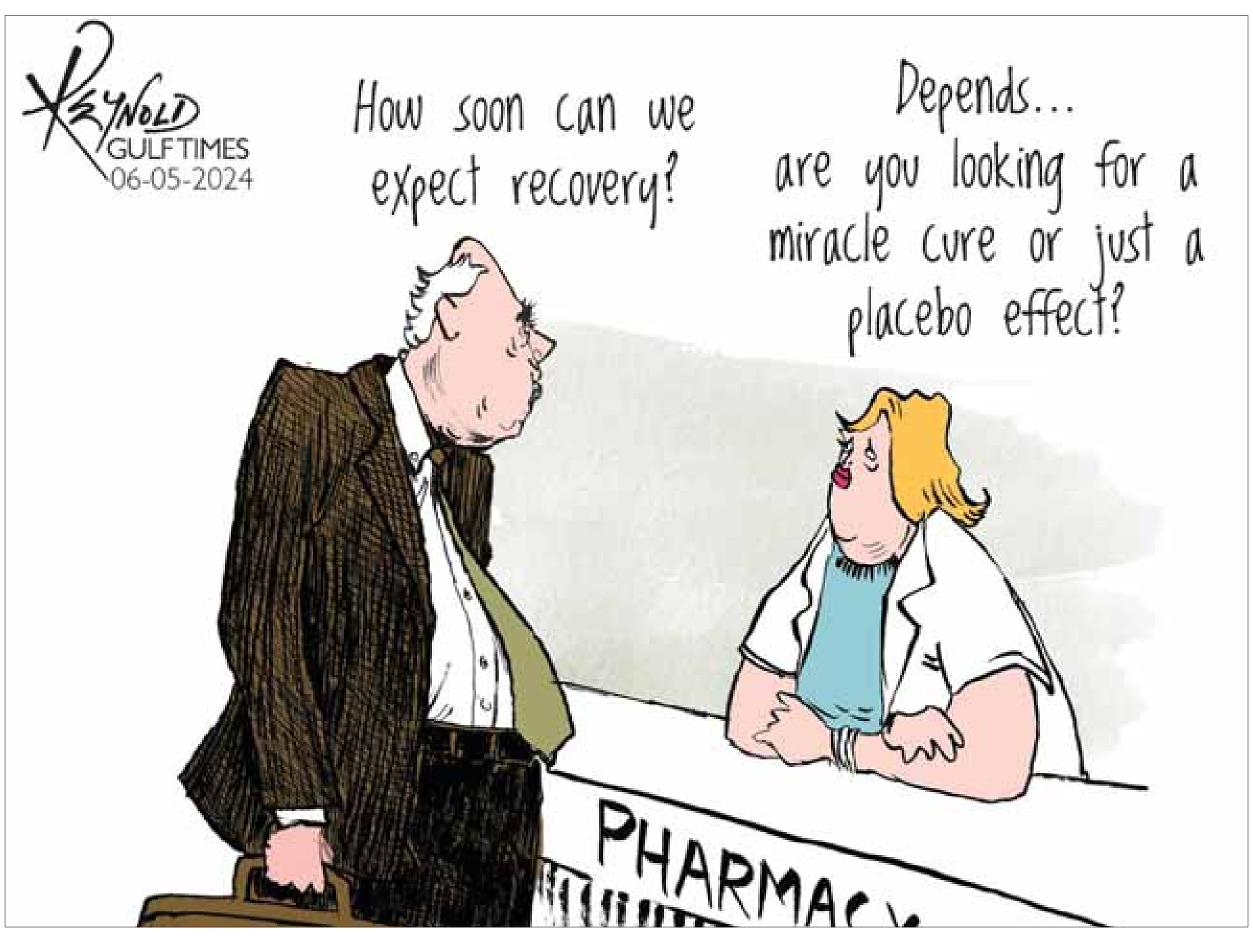
QICCA examines practical issues in arbitration

The Qatar International Centre for Conciliation and Arbitration (QICCA) recently held a seminar on 'Practical Issues in Arbitration' at the Qatar Chamber Doha headquarters.
The event touched on a wide range of arbitration issues, from pre- and post-arbitration phases to those concerning the formation of the arbitral tribunal.
QICCA board member for International Relations Sheikh Dr Thani bin Ali al-Thani and QICCA secretary-general Ibrahim Shahbik attended the seminar, along with several lawyers, arbitrators, and representatives of legal firms.
Shahbik emphasised the centre's commitment to fostering the culture of arbitration through hosting such seminars and workshops that highlight the importance of arbitration as an alternative means for resolving commercial disputes. He noted that Qatar has succeeded in improving the business and investment climate through recent legal reforms, citing the issuance of Law No 2 of 2017 Promulgating the Civil and Commercial Arbitration Law.
During the seminar, assistant professor of Commercial Law at Sapa University and head of the Private Law Department Dr Abdelbaset Mohamed al-Drasi reviewed the key advantages of arbitration in terms of speed, confidentiality, independence of the arbitration clause, duration of proceedings and the principle of jurisdiction.
Al-Drasi further addressed models of the institutional arbitration clause, specifically the UNCITRAL and QICCA models. He reviewed the key consideration for drafting the arbitration clause.


The event touched on a wide range of issues, from pre- and post-arbitration phases to those concerning the formation of the arbitral tribunal

Saudi Arabia posts budget deficit of $3.3bn in first quarter

Saudi Arabia posted a budget deficit of 12.387bn riyals ($3.30bn) in the first quarter of 2024, the finance ministry said on Sunday, after lower oil revenues and increased spending weighed on the economy, reports Reuters.
The kingdom needs to spend hundreds of billions of dollars to fund giga-projects aimed at weaning the economy off oil and to boost tourism and the private sector.
Oil revenues reached 181.922bn riyals, while total revenues were 293.433bn riyals as non-oil revenues edged higher, although oil still dominates.
Public spending was 305.820bn riyals surpassing last year's 283.855bn riyals.
International Brent crude has averaged around $83.50 so far in 2024, while Saudi Arabia needs oil at $96.2 to balance its 2024 budget, the IMF forecasts.
For the full year, Saudi Arabia has projected an annual budget deficit of 79bn riyals, and has said it will scale back some of its giga projects.
"There are challenges...we don't have ego, we will change course, we will adjust, we will extend some of the projects, we will downscale some of the projects, we will accelerate some of the projects," Saudi Arabia' Finance Minister Mohamed al-Jadaan said last week.



AM Best affirms Beema 'A-' financial strength rating with stable outlook

By Santhosh V Perumal
Business Reporter

International insurance rating agency AM Best has affirmed the financial strength rating of 'A- (Excellent)' and the long-term issuer credit rating of "A-" (Excellent) of Damaan Islamic Insurance Company (Beema).
The outlook of these credit ratings is "stable", AM Best said in its latest report.
The ratings reflects Beema's balance sheet strength, which the rating agency assesses as "very strong", as well as its strong operating performance, limited business profile and appropriate enterprise risk management.
Beema is a takaful insurer and operates through a hybrid model, whereby the shareholders' fund charges the policyholders' fund (PHF) a Wakala fee based on gross written contributions (GWC) and a Mudaraba fee based on investment income.
Beema's balance sheet strength is underpinned by its risk-adjusted capitalisation at the strongest level, as measured by Best's Capital Adequacy Ratio (BCAR).
The rating agency assesses the company's risk-adjusted capitalisation on a combined basis, including its policyholders' and shareholders' funds, due to the strength of domestic regulation and requirement that the shareholders' fund would have to support the PHF.
Other positive balance sheet strength factors include the company's track record of internal capital generation through the retention of earnings and Beema's ability to accumulate surpluses within the PHF whilst regularly distributing surplus back to policyholders.
In 2023, Beema reported capital and surplus of QR715.6mn (inclusive of QR210.6mn of accumulated policyholder surplus), an 11.8% increase compared with year-end 2022.
Viewing Beema's operating performance as strong, it said the company has consistently reported robust technical performance, with a five-year (2019-23) weighted average combined ratio of 79.7%, as calculated by AM Best.
Although a small component of overall earnings, investment returns have continued to be positive in each of the past five years.
"Earnings are well balanced between shareholders' and policyholders' with both funds achieving consistent growth over the past 10 years," the rating agency said.
Beema holds a leading position within its domestic insurance market, as the second largest takaful player by GWC (gross written contributions). The company has good diversification by line of business, offering a range of Shariah-compliant insurance products. In 2023, Beema wrote GWC of QR401.3mn.